



**North East and
North Cumbria**

**North East and North Cumbria Integrated Care Board
Audit Committee**

**Minutes of the meeting held on Thursday 12 June 2025 at 10:15 a.m.
via MS Teams**

Present: David Stout, (Chair), Non-Executive Director, ICB
Eileen Kaner, Non-Executive Director, ICB

In Attendance: Samantha Allen, Chief Executive, ICB
David Chandler, Chief Finance Officer, ICB
Deborah Cornell, Director of Corporate Governance & Board Secretary, ICB
Sharon Fatkin, Senior Internal Audit Manager, AuditOne
Claire Riley, Chief Corporate Services Officer, ICB
Richard Henderson, Director of Finance (Corporate), ICB
Mark Kirkham, Partner, Forvis Mazars
Diane Harold, Senior Manager, Forvis Mazars
Lynda Hutchinson, Head of Corporate Governance, ICB
Joanne Leadbitter, Executive Assistant, ICB (minutes)

AC/2025-26/038 Welcome and introductions

The Chair welcomed all those present to the meeting and external and internal audit colleagues were introduced to the Chief Executive of the ICB.

AC/2024-26/039 Apologies for Absence

Apologies for absence were received from Gareth Davies, Counter Fraud Specialist, AuditOne and April Coulson, Associate Director of Internal Audit, AuditOne.

AC/2025-26/040 Confirmation of Quoracy

For the meeting to be quorate, a minimum of two independent non-executive members were required, including either the Chair or Vice-Chair.

It was agreed the meeting was quorate.

The Chief Corporate Services Officer acknowledged the importance of addressing Committee quoracy and confirmed this was being actively reviewed, with improvements expected in the coming months.

AC/2025-26/041 Declarations of Interest

There were no declarations of interest.

The Chair confirmed that if any interests were raised during the meeting, they would be acted on accordingly.

AC/2025-26/042 Review of Final Annual Report

The Director of Corporate Governance and Board Secretary provided an overview of the final version of the Annual Report and noted it adhered to NHS England guidance and included the performance report, accountability report and financial statements.

It was highlighted the report had been reviewed by all executives and the final draft would be prepared for board submission with any minor changes completed. There had been a minor amendment to the Head of Internal Audit Opinion, which would be corrected in the report for Board.

The Chair asked if there were any remaining gaps in the report and was advised that the performance data was current, and no further updates were required.

The Chief Executive expressed confidence in the governance statement and thanked the governance team, finance team and internal and external audit for their contributions. It was confirmed there were no gaps or concerns in how the opinion had been formed. The Director of Corporate Governance and Board Secretary added that a summary version of the Annual Report would be produced for easier reading and acknowledged the efforts of the Head of Corporate Governance and the Corporate Committees Officer in compiling the report.

RESOLVED:

The Committee **RECEIVED** and **REVIEWED** the latest version of the ICB annual report for 2024/2025.

AC/2025-26/043 Review of Annual Accounts

The Director of Finance, Corporate, introduced the Annual Accounts, noting that the accounts had been reviewed in detail during the April meeting. It was noted that the accounts would be merged with the Annual Report for the final Board submission.

It was highlighted that only minor presentational changes had been made following the audit process, as detailed in Appendix 1 of the meeting pack, with no significant issues identified.

There had been two further changes to the draft accounts within the committee papers which would be reflected in the version submitted to board on 16 June 2025:

- Note 1.4.2, the key sources of estimation uncertainty within the accounting policies note. It had been agreed that would be reduced stating there were no sources of estimation that would have a material impact on the accounts.
- Note 3.6.2, disclosure of narrative on pension costs. Added a prior year comparative into the last sentence in that note.

It was highlighted there was still some external audit work to be finalised, and therefore a risk of potential further changes, although none were expected. If there were any changes, they would be raised to the Audit Committee Chair.

NHS England guidance had just been received with suggested wording that ICB's may decide to include in both the going concern disclosure note and the events after the reporting period note. This related to the changes to NHS England and the cost reductions that the ICBs had been asked to make.

It was concluded that disclosures were not required to either of these notes. There was no impact to this going concern assumption as ICB's would continue to exist. It was also felt this did not meet the criteria for disclosure in the events after the reporting period note and given this was suggested wording from NHS England, there was no requirement to include it, to which external audit had agreed.

RESOLVED:

The Committee **RECOMMENDED** that the final ICB annual accounts be presented to the ICB Board on 16 June 2025 for review and approval prior to submission to NHS England by 9am on 23 June 2025, subject to any final amendments required following completion of all external audit work.

AC/2025-26/044 Assurance Over Outsourced Services Report

The Director of Finance, Corporate, presented the Assurance Over Outsourced Services Report which summarised the assurances received by the ICB in respect of outsourced services and systems for 2024/25.

The ICB has a number of outsourced services and systems managed by external providers and assurance needed to be obtained over the effectiveness of controls operating over those outsourced functions as part of the ICBs overall assessment of the internal control framework within the annual governance statement.

Assurance had been received on those services for 2024/25 via the work of independent auditors with no significant issues identified. A small number of control exceptions had been identified but were not considered to have any material impact on the ICB, and a number of other mitigating controls were in place.

Details of assurances received over other outsourced services were included in the report and it was highlighted that concerns had been raised with NHS England regarding the control exceptions identified on NHS SBS finance and accounting services (the ICB ledger system) and GP extraction and processing of GP data services, with an update requested on actions being taken to address the control issues identified.

None of the control's exceptions were considered to present a risk of material misstatement to the ICB financial statements, but it was likely this would cause some concern from a governance perspective and in respect of potential fraud risks. It was confirmed that compensating controls were in place and that NHS England was being contacted for updates on corrective actions.

The Chief Finance Officer emphasised the importance of proactive financial controls and expressed concern about over-reliance on service auditor reports and reiterated the need for strong financial procedures, financial procedure notes and financial policies.

The Chair requested that the Director of Finance, Corporate provided feedback to the Audit Committee once a response from NHS England had been received.

ACTION: The Director of Finance, Corporate, to provide feedback to the Audit Committee once a response from NHS England had been received.

RESOLVED:

The Committee **RECEIVED** the report and **CONSIDERED** the findings from the relevant service auditor reports; were **ASSURED** that no significant issues had been identified in the effectiveness of controls during 2024/25.

AC/2025-26/045 Head of Internal Audit Opinion Final (Annual Report)

The Senior Internal Audit Manager, Audit One, presented the Head of Internal Opinion Report which provided the committee with the Head of Internal Audit Opinion for the year ended 31 March 2025. The report included the opinion on the overall adequacy and effectiveness of the ICB's system of internal control, an analysis of performance of the internal audit services received during the year ended 31 March 2025 and assurance regarding conformance of the internal audit service with Public Sector Internal Audit Standards.

It was confirmed that good assurance was provided, indicating a sound system of control, governance, and risk management designed to meet the organisation's objectives, with controls being applied consistently.

In preparation of the opinion, it was highlighted there were no significant control issues and no limited assurance reports had been issued during the year.

It was reported that during the year a total of 18 reports had been issued, including 2 with substantial assurance, 8 with good assurance, 4 with reasonable assurance, and 4 advisory audits. Appendix B of the report was referenced for a comparison with prior years and section 3 of the report set out the details of internal audit performance throughout the year and provided an update against the key performance indicators. In addition, the results from the post audit questionnaires and the responses received to the annual quality questionnaires. Section four of the report confirmed that internal audit continued to be compliance with the Public Sector Internal Audit Standards.

The Senior Internal Audit Manager concluded by expressing thanks to the ICB staff for their co-operation and assistance provided to the internal audit teams during the year and highlighted the need to monitor the reduced audit plan for 2025–26 to ensure a robust opinion could be formed next year.

The Chair reiterated the requirement for a reserve programme of audits, given the significant challenges the ICB face this year. The Director of Corporate Governance and Board Secretary confirmed there was a reserve list of audits to provide flexibility for any in-year changes that may be required.

The Chief Finance Officer expressed thanks to internal audit colleagues for the work undertaken and their flexibility around the investigation and intervention grip and control reviews that had been carried out across the system. The work had avoided duplication and ensured better value for money and had been appreciated by Chief Executives.

The Chair requested an update on the implementation of recommendations. It was reported that there had been an improved position across the year, however there was a need to address and clear legacy recommendations inherited from former Clinical Commissioning Groups. A new process had been established between internal audit and the ICB's governance team, which included a monthly report highlighting overdue recommendations, which was reported to be working well.

The Chair took the opportunity to thank internal audit colleagues for their work during the year.

RESOLVED:

The Committee **RECEIVED** the Head of Internal Audit Opinion for information.

The Partner, Forvis Mazars introduced the External Audit Completion Report which detailed the findings of the statutory external audit of the ICB's 2024/25 financial statements.

It was highlighted that although some audit procedures were still being finalised, significant progress had been made, and all indicators were currently green. With acknowledgment to the tight timetable for both preparing the accounts and completing the audit, especially given the scale of the ICB's operations, which managed approximately £8 billion in expenditure. Despite the complexity, the audit was progressing well due to the strong support and preparedness of the ICB finance team.

The Senior Manager, Forvis Mazars advised that risks identified at the planning stage related to areas with a higher risk of material misstatement. Those risks were in relation to the risk of management override of controls and no significant issues had been identified.

There was a risk in relation to the risk of fraud in expenditure recognition around year end accruals and contract variations and no significant issues had been identified.

There had been a couple of unadjusted misstatements that had been identified from the external audit work. It was advised that accruals were always challenged by external audit and were difficult to evidence because they were based on estimates.

There was an unadjusted misstatement regarding Section 117 spend which had been accrued for, but auditors believed this should be a provision. However, it was acknowledged this was not material and would not impact the bottom line.

There had been an enhanced risk in regard to the prescribing estimate with the difference between the estimate and the actual reported as an unadjusted misstatement. External audit had raised a non-significant internal control recommendation about how the estimate was calculated. It was reported that no significant deficiencies in internal control were raised.

The Senior Manager, Forvis Mazars explained that although the audit report was on track for an unqualified opinion, the formal audit certificate would be delayed. This delay was due to the timing of the National Audit Office's (NAO) group audit, which affected the ability to formally conclude the audit. The Department of Health and Social Care had issued guidance allowing the accounts to be laid before Parliament despite this delay.

The Chief Finance Officer commended the finance team for their diligence and the quality of working papers. He emphasised the importance of high standards in documentation and the value of high quality and experienced external auditors and also highlighted the ICB's commitment to continuous improvement through post-audit reviews.

The Chair echoed these sentiments and highlighted the professionalism of external audit and the importance of high-quality working papers. He acknowledged the audit process and praised the team's proactive approach to learning and improvement.

RESOLVED:

The Committee **CONSIDERED** the external auditor's report and highlight any points for discussion as part of two-way communication with the external auditor; **NOTED** the report and revised final financial statements will be taken to the Board on Monday 16 June 2025, ahead of the formal deadline of Monday 23 June 2025.

AC/2025-26/047 To recommend and provide assurance to the submission of the Annual Report and Accounts to the ICB Board

The Chair of the Committee asked members if they were willing to formally recommend the ICB's annual report and accounts for assurance and submission to Board on 16 June 2025 for approval.

The Audit Committee members had an opportunity to consider the annual report and accounts and had received assurances around the ICB's systems and internal controls in the form of the head of internal audit opinion.

The Committee also heard from external audit who had provided their unqualified opinion and confirmed that there were no significant matters to raise in relation to the ICB's value for money position.

The accounts remained subject to completion of final audit work and any further proposed changes will be reported back to the Audit Committee Chair prior to final sign-off by Board.

RESOLVED:

The Committee **RECEIVED** and **REVIEWED** the latest version of the ICB annual report and accounts for 2024/2025; **RECOMMENDED** that the final ICB annual report and accounts be presented to the ICB Board on 16 June 2025 for review and approval prior to submission to NHS England by 9am on 23 June 2025 subject to any final amendments required following completion of all external audit work; **RECEIVED** the final Head of Internal Audit Opinion (HoIAO) report prior to submission to NHS England on 23 June 2025.

AC/2025-26/048 Minutes of Extraordinary Audit Committee held 26 February 2025

The minutes of the Extraordinary Audit Committee which took place on 26 February 2025 were agreed as an accurate record.

AC/2025-26/049 Minutes of Extraordinary Audit Committee held 23 April 2025

The minutes of the Extraordinary Audit Committee which took place on 23 April 2025 were agreed as an accurate record.

AC/2025-26/050 Matters Arising from the Minutes

There were no matters arising from the minutes of the Extraordinary Audit Committee meetings held on 26 February 2025 and 23 April 2025.

AC/2025-26/051 Action Log from Extraordinary Audit Committee held 26 February 2025

The action log from the Extraordinary Audit Committee held on 26 February 2025 was presented for information. All actions were complete, and the action log was therefore closed.

AC/2025-26/052 Action Log from Extraordinary Audit Committee held 23 April 2025

The action log from the Extraordinary Audit Committee held on 23 April 2025 was presented for information. All actions were complete, and the action log was therefore closed.

AC/2025-26/053 Comments in relation to risk from committee chairs (by exception)

The Chair invited members to raise any risk-related matters from individual committees that may be relevant to the Audit Committee, by exception.

The Remuneration Committee Chair noted a growing list of disputes, including work tribunals and County Court disputes which were challenging due to other organisational issues. Legal opinions were sought at each stage, but the number of disputes was increasing.

A recent change in Executive Director membership on the Remuneration Committee had contributed to delays in progressing some actions. Work was underway to revive and review those actions to ensure appropriate assurance and clarification.

The importance of maintaining detailed and accurate meeting records was emphasised, as these may be required for future dispute discussions.

It was noted that several legacy issues from the former CCGs remained unresolved and were progressing slowly.

AC/2025-26/054 Cyber Assurance Framework (CAF) Review

The Director of Corporate Governance and Board Secretary presented the Cyber Assurance Framework (CAF) Review report and highlighted the key points.

The Cyber Assurance Framework Aligned Data Security and Protection Toolkit was on target for submission by the publication date of 30 June and

that required evidence had been gathered. The final audit had taken place, and the final report was expected shortly. Interim issues had been addressed, and final training was being completed today in North Cumbria.

The Chair asked whether the CAF report represented a significant change from previous processes and the Director of Corporate Governance and Board Secretary explained that it was more in-depth due to additional requirements and the evolving cyber landscape, including artificial intelligence (AI) considerations.

RESOLVED:

The Committee **RECEIVED** the update for assurance; **NOTED** the target submission date; **SUPPORTED** final sign off with further report on results to come back at future date for assurance.

AC/2025-26/056 Any Other Business

There were no items of any other business.

AC/2025-26/057 Audit Committee Annual Report 2024-25

The Audit Committee Annual Report for 2024-25 was presented for information.

The Chair confirmed that the annual report had been signed off at the Board meeting on 03 June 2025 and had been included with the meeting papers for completeness. It was reiterated that the Audit Committee had reviewed the annual report for 2024-25 and that it was also part of the ICB's Annual Report.

RESOLVED:

The Committee **RECEIVED** the report for information.

AC/2025-26/058 Review of the Meeting

The Chair requested feedback and learning points following the meeting. Colleagues confirmed the meeting had run smoothly and there were no significant issues or lessons to be learned.

The Remuneration Committee Chair noted she would be unavailable for the next meeting due to a prior commitment. The Chair acknowledged this and asked the Director of Corporate Governance and Board Secretary to plan accordingly to ensure quoracy for all future Audit Committee meetings.

ACTION:

The Director of Corporate Governance and Board Secretary to discuss quoracy at the meeting to take place on 10 July and ensure a plan was in place for the committee.

AC/2025-26/059 Date and Time of Next Meeting

The next meeting of the Audit Committee was scheduled to take place on Thursday 10 July 2025, 10:00 a.m. to 12:00 noon, via MS Teams.

Meeting Closed: 11:02 a.m.

Signed:

A handwritten signature in black ink, appearing to read 'J. A. Stout', is written over a horizontal line.

Position:

Audit Committee Chair

Date:

24 July 2025